GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:6500
ANSWERED ON:09.05.2002
POWER POLICY
ALE NARENDRA;RATNA SINGH

Will the Minister of POWER be pleased to state:

(a) whether the Government have revised its power policy;

(b) if so, the salient features thereof;

(c) whether the Government have clearly defined the areas of participation of domestic private sector and foreign collaboration in regard to setting up of new power projects;

(d) if so, whether the Government have determined the guidelines in regard to power tariff and counter guarantee; and

(e) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)
(a) & (b) : An Energy Policy Committee has been set up in the Planning commission to recommend an outline of the energy policy for the next 15-20 years. The Committee is chaired by Member (Energy), Planning Commission and the other members include Secretaries to the Government of India in the Ministries of Power, Coal, Petroleum & Natural Gas, Non-Conventional Energy Sources Environment & Forests and Department of Atomic Energy.Experts from Indira Gandhi Institute of Development Research, Tata Energy Research Institute etc. are also associated in the Committee.

(c) : Private Sector participation by both domestic and foreign investors in the power sector is allowed in the areas of generation, transmission and distribution. 100% Foreign Direct Investment is permitted in these areas on automatic approval basis, without any upper limit.

(d) & (e) : A two part tariff notification has been issued by the Government of India on 30.3.1992 in exercise of powers conferred by sub-section (2) of Section 43A of the Electricity (Supply) Act, 1943, which allows a return of upto 16% on equity (paid up and subscribed) at normative levels of operation i.e. 68.5% Plant Load Factor (PLF) to generating companies for power projects set up by them. For generation beyond this level, incentive at negotiated rates subject to a ceiling of 0.7% of equity (paid up and subscribed), for each percentage increase in PLF is allowed.Since 1995 projects can be developed only on the basis of competitive bidding. Wherever Regulatory Commissions have been set up, tariffs will be determined by these commissions.

The Government of India counter guarantee scheme was developed as atransitory measure to boost private investment and it was decided in 1994 to extend Government of India counter guarantee to eight initial projects that had been cleared for bringing in foreign investment in the power sector. The procedure for extension of counter guarantee was revised in May, 1998 and it was, inter-alia, decided that counter guarantee will be given only for the event of termination and will be limited to the outstanding foreign debt only.